

The following Minutes of the Small Business Loan Fund Corporation were approved by the Board of Directors at the meeting held on August 25, 2005:

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

June 23, 2005

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, One West Exchange Street, Providence, Rhode Island on June 23, 2005 at approximately 9:41 a.m.

Present were Board Members: Edward Rendine (Acting Chair), Richard DeMerchant, Maurice Paradis and William Parsons. Also present were: Earl Queenan, Anthony Scolavino, Philomena Teixeira, and Alicia Pomfret, staff, along with Thomas V. Moses, SBLFC Counsel of Moses Afonso Jackvony Ltd.

Mr. Rendine called the meeting to order at 9:41 a.m.

Adoption of Minutes

The first item to come before the Board was consideration for adoption of the Minutes from the Board Meeting held on May 26, 2005.

Mr. Parsons made a motion to accept the Public Session and Executive Session Minutes, Mr. Paradis seconded, and the motion was approved unanimously.

Executive Minutes

Mr. Parsons motioned that the Executive Session Minutes should remain confidential,

Mr. DeMerchant seconded, and it was unanimously adopted to maintain the confidentiality of the Executive Session Minutes of the Meeting of May 26, 2005.

Cash Position / Portfolio Activity / Watch List

Mr. Scolavino presented the Reports of Cash Position, Portfolio Activity and Watch List. Mr. Moses questioned the status of Gateway Eight. Mr. Scolavino gave a report and noted that there will be a court hearing in August. Mr. DeMerchant asked for a report on New England Environmental. Mr. Scolavino gave an update and reported that a regular monthly payment was received on June 18th. Mr. Paradis asked the status of Time Savers. Mr. Scolavino reported that it is in workout. No vote was held.

Loan Asset Reserve Allocation Report for the Fiscal Year ending June

30, 2006

Mr. Scolavino performed a review of the Allocation for the Fiscal Year ending

June 30, 2006. Following further discussion, a motion was made by Mr. Parsons, was seconded by Mr. Rendine, and was unanimously adopted to approve the Loan Asset Reserve Allocation for the Fiscal Year ending June 30, 2006.

Other Business

Mr. Moses presented a proposed new policy modifying the loan Intercreditor Agreement when related to the SBLFC participating in large projects with senior lenders whereby the SBLFC has equity mortgages and junior liens on all business assets. The specific change will be in capping legal expenses and other related costs in event of default and eventual liquidation of the assets. Mr. Moses handed out the boiler-plate agreement for the Board's review. After review and discussion, a motion was made by Mr. Parsons, was seconded by Mr. Paradis, and was unanimously approved to implement the new policy modifying the loan Intercreditor Agreement to cap legal expenses and other related costs in event of default and eventual liquidation of assets.

EXECUTIVE SESSION

At 10:17 a.m. Mr. DeMerchant made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of

RI 1956 (1988 Reenactment), as amended.

Mr. Paradis seconded the motion, which passed unanimously.

Upon a motion made by Mr. DeMerchant and seconded by Mr. Paradis, the Board unanimously voted to return to Public Session at 11:46 a.m.

Executive Session Vote Ratification

The next item to come before the Board was the ratification of voting held during the Executive Session. The following votes were presented for ratification:

Slater Dye Works

To approve the request on the revised basis, subject to a security instrument equal to fifty-percent of the guarantees of Mrs. Frances Close and Mr. Leroy Close, contingent upon the receipt of a non-binding strategy paper that is acceptable to staff and legal counsel.

Rome Packing Co.

To approve the loan for \$250,000, subject to the conditions outlined in Mr. Scolavino's Memorandum. Further, to limit the initial loan advance to \$150,000, and, to hold the remaining \$100,000 until staff has received the June 30, 2005 Fiscal Year End Financial Statements and finds that the Company can support the remaining \$100,000.

YMCA of Greater Providence

To extend the loan approval through October 30, 2005.

Display World, Inc.

To release the SBLFC's lien on Mr. Joseph Lombari's personal residence.

Mr. DeMerchant made a motion to ratify the aforementioned votes, Mr. Paradis seconded, and it was passed unanimously.

Upon a motion made by Mr. DeMerchant, and seconded by Mr. Paradis, the Board unanimously voted to adjourn. The meeting concluded at 10:49 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance